weekly economic review

August 2, 2013

Rigs Drilling

Rig counts decline, but at a slower rate

The number of rigs operating in Alberta continued to track below last year's levels in July, falling 5.7% over the same month last year to 187. However, rigs drilling fell at a slower year-over-year rate than was observed in much of 2013 and late 2012, and came in above their five-year average. Utilization rates were down in July, with 31% of rig capacity being utilized compared to 33% the same month last year.

Nationally, rig counts were down 4.2% over July 2012, with a 36% utilization rate.

Canadian Real GDP by Industry

Growth continues despite oil & gas decline

Canada's GDP increased for the fifth month in a row in May, rising 0.2% over April. Gains were fairly broad-based, with most major industries recording increased output. The notable exception was the oil and gas extraction industry, where GDP dropped significantly for the second straight month, falling 2.1% due to a 7.4% decline in the non-conventional oil extraction industry. Maintenance shutdowns at petroleum facilities were largely responsible for the decline.

Canada Industrial Product Price Index (IPPI) and Raw Materials Price Index (RMPI)

Oil drives price growth

Growth in the national IPPI accelerated to 0.6% year-over-year in June, up from 0.1% in May. The increase was largely due to the impact of higher gasoline prices, which pushed up the price of petroleum and coal products by 5.3%. Excluding petroleum and coal products, the IPPI fell 0.1%. Also in June, the national RMPI increased year-over-year for the first time since February 2012, by 4.0%. Mineral fuels were largely responsible, as crude oil prices increased 10.5%.

US Real GDP

Growth accelerates in the second quarter

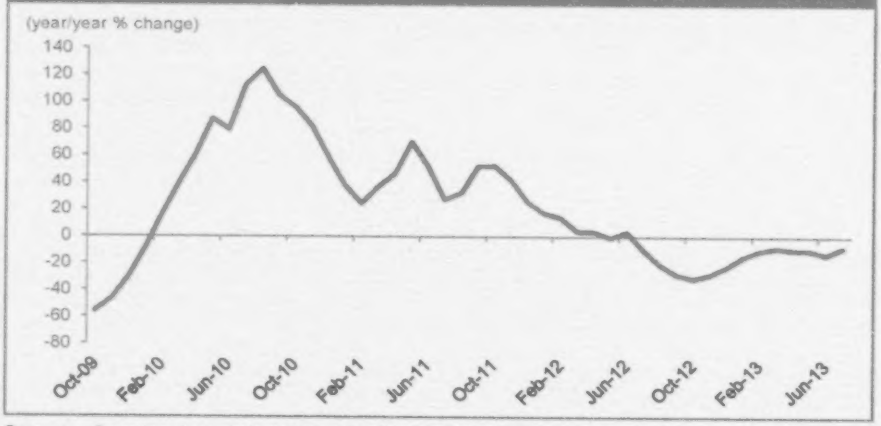
US real GDP grew by 1.7% in the second quarter according to advance estimates. This is an improvement from the downwardly-revised 1.1% increase in the first quarter. There were notable accelerations in non-residential fixed investment (+4.6%), exports (+5.4%) and residential investment (+13.4%). Despite automatic spending cuts that took effect in March, government expenditures were only down 0.1% in the second quarter.

US Labour Market

US job creation slows, unemployment rate drops

The US economy added 162,000 payroll jobs in July, below market expectations and the slowest one-month gain since March. Revisions shaved 26,000 off the previously reported May and June job gain. However, the separate household survey showed that the unemployment rate dropped 0.2 percentage points to 7.4%, the lowest level since December 2008. The lower unemployment rate reflected job gains and a decline in labour force participation.

Alberta Rigs Drilling*



Source: Canadian Association of Oilwell Drilling Contractors (CAODC)
*Three month moving average

Closing Price	July 25, 2013	August 1, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	97.25	96.73	97.29
WTI 08 ($US/bbl)	105.49	107.89	96.99
NYMEX Natural Gas($US/MMBtu)	3.64	3.39	3.71

Alberta Economic Indicators

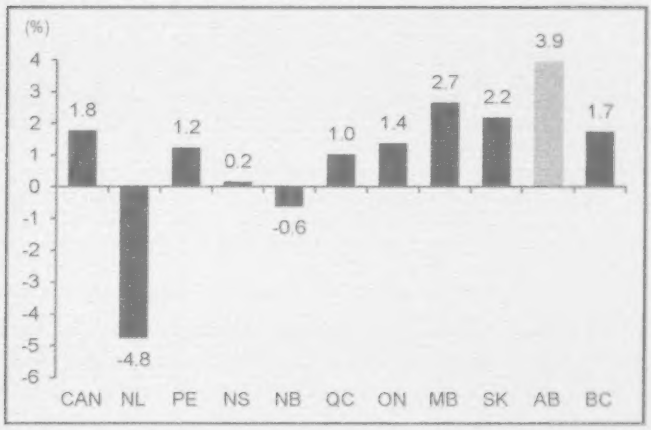
Population	2011	2012	2013YTD	Feb	Mar	Apr	May	June	July
Population (000's)	3,778	3,874	3,965	..	..	3,965	..	..	..
y/y % change	1.5	2.5	3.0	..	..	3.2	..	..	..
Net Interprovincial Migration[1]	8,443	28,170	38,886	..	..	13,438	..	..	..
Net International Migration[1]	16,703	37,990	30,779	..	..	13,674	..	..	..
Net Non-permanent Residents[1]	-7,604	9,721	9,762	..	..	6,949	..	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,184	2,179	2,168	2,183	2,201	2,201	..
y/y % change	3.8	2.7	2.1	2.5	1.7	1.9	2.3	2.6	..
Unemployment Rate (%), SA	5.5	4.6	4.7	4.5	4.8	4.4	4.8	5.0	..
Participation Rate (%), SA	73.7	73.4	72.9	72.9	72.6	72.5	73.3	73.1	..
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,099.04	1,099.51	1,098.08	1,099.83	1,113.94	..	..
y/y % change	4.4	3.6	3.9	4.5	3.4	3.5	4.9	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.2	0.9	1.2	1.3	2.3	2.3	..
Excluding food and energy	0.8	1.3	1.2	1.4	1.2	0.9	1.1	1.6	..
Non-Res Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.4	..	1.4	..	..	..	..
Farm Product Price Index (y/y % change)	17.7	6.4	4.6	5.2	4.4	..	..	..	..
Crops	18.7	6.5	9.3	9.8	9.3	..	..	..	..
Livestock	16.9	6.2	0.2	1.1	-0.1	..	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.5	33.3	37.3	35.4	35.1	40.4	43.1	38.7	..
y/y % change	-5.1	29.9	11.5	10.9	-1.0	1.8	28.5	14.6	..
New Housing Price Index[3] (y/y % change)	0.4	1.3	2.4	2.6	2.4	2.5	2.7	..	..
Edmonton	0.9	-0.9	0.6	1.0	0.6	0.4	0.2	..	..
Calgary	0.1	1.7	4.4	4.3	4.3	4.7	5.3	..	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	375.8	380.1	380.4	374.6	376.2	376.0	..
y/y % change	0.5	2.6	4.6	4.5	5.9	3.5	3.0	4.0	..
Edmonton ($ 000's)	324.2	332.7	343.5	344.0	348.9	345.5	340.2	344.7	..
y/y % change	-0.7	2.6	3.2	2.8	5.4	2.8	2.5	3.8	..
Calgary ($ 000's)	401.9	410.8	429.2	436.7	433.9	420.4	427.2	434.3	..
y/y % change	1.1	2.2	6.1	5.7	6.3	3.8	3.6	5.2	..
Retail Sales, SA (y/y % change)	6.8	6.9	6.6	7.7	5.4	7.3	7.9	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	7.4	6.5	0.1	19.7	7.0	..	..
Consumer Bankruptcies	7029	5750	1751	412	429	464	..	..	..
y/y % change	-13.8	-18.1	-18.2	-22.7	-24.5	-11.3	..	..	..
Business Sector									
NEW: Rigs Drilling	286	260	229	422	306	115	88	115	187
y/y % change	30.4	-12.6	-9.5	-8.1	-9.4	-18.2	0.0	-17.3	-5.7
Goods Exports, customs based (y/y % change)	18.4	1.8	3.0	2.0	0.0	1.0	11.7	..	..
Energy	19.2	2.1	3.0	3.9	-1.4	0.4	12.3	..	..
Farm, Fishing and Intermediate Food	27.2	20.6	3.1	6.7	5.4	-6.4	7.1	..	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	..	9.3	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	17.3	-3.4	-2.0	-1.1	-3.3	-3.4	1.5	..	..
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.3	6.4	2.7	-0.3	0.0	..	..
Building Permits, SA (y/y % change)	11.8	14.8	17.8	19.9	36.6	11.4	0.8	..	..
Residential	5.2	18.2	14.4	7.8	14.6	18.4	11.2	..	..
Non-residential	20.9	10.7	22.0	36.1	72.1	5.1	-14.9	..	..
Business Bankruptcies	264	230	51	14	12	15	..	..	..
y/y % change	-30.2	-12.9	-39.3	-44.0	-36.8	-25.0	..	..	..

1 Quarterly; annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly; average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted, "SAAR" denotes seasonally adjusted at annual rate

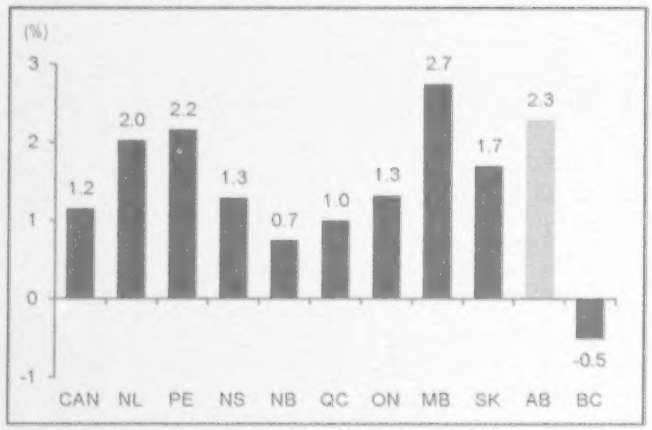
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

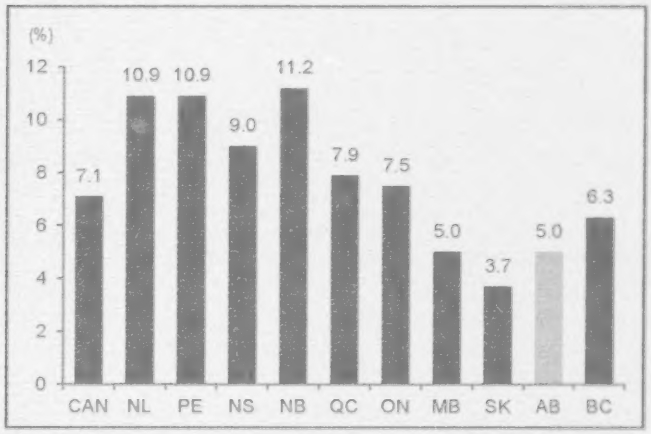
Real GDP by Industry
(2012, year-over-year growth)



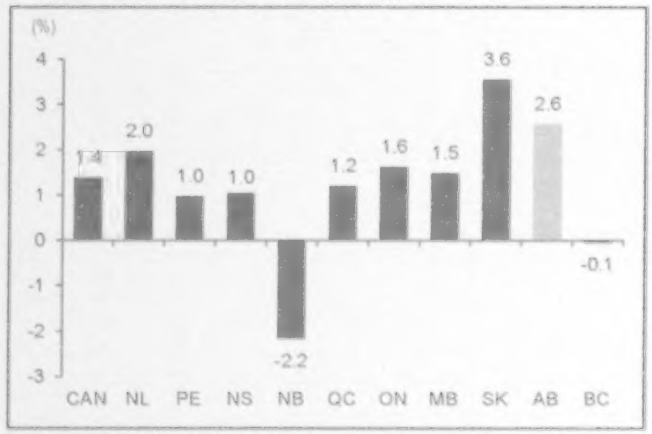
CPI Inflation
(June 2013, year-over-year growth)



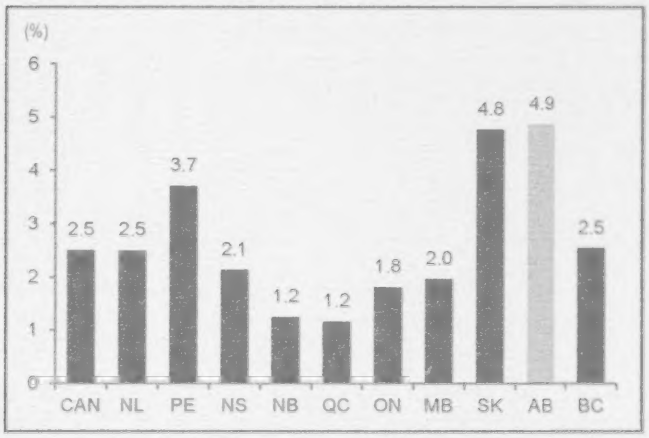
Unemployment Rate
(June 2013)



Employment
(June 2013, year-over-year growth)



Average Weekly Earnings
(May 2013, year-over-year growth)



Housing Starts
(June 2013, SAAR, year-over-year growth)